

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Bill Underwood/797-10150 by Herb Hyman/797-1016

SUBJECT: Resolution

AFFECTED DISTRICT: n/a

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING THE FIRM OF WACHOVIA BANK, N.A. TO PROVIDE BANK QUALIFIED FINANCING AND AUTHORIZING THE TOWN ADMINISTRATOR OR HIS DESIGNEE TO NEGOTIATE AN AGREEMENT FOR SUCH FINANCING.

REPORT IN BRIEF: The Town solicited competitive sealed proposals for bank qualified financing for a \$10,000,000 capital asset acquisition, reimbursements, and construction. RFP documents were sent to nine (9) prospective proposers. Additionally, the bid was advertised state-wide in Florida Bid Reporting and nationally in BidNet and also posted on the Town's web site. The Town received one (1) responsive proposal and one (1) proposal which was delivered late and had to be rejected in accordance with the Town's procurement procedures. The rate proposed is a very competitive rate of 3.86%. The recommendation is for Wachovia Bank, N.A. as the top ranked firm.

PREVIOUS ACTIONS: Not applicable.

CONCURRENCES: The firm of Wachovia Bank, N.A. was chosen by the selection committee.

FISCAL IMPACT:

Has request been budgeted? yes

If yes, expected cost: \$20,000

Account Name: To be taken from the proceeds of the loan

Additional Comments: Not applicable

RECOMMENDATION(S): Motion to approve the resolution.

Attachment(s):

Proposal from Wachovia Bank, N.A.

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING THE FIRM OF WACHOVIA BANK, N.A. TO PROVIDE BANK QUALIFIED FINANCING AND AUTHORIZING THE TOWN ADMINISTRATOR OR HIS DESIGNEE TO NEGOTIATE AN AGREEMENT FOR SUCH FINANCING.

WHEREAS, the Town solicited proposals for bank qualified financing of \$10,000,000 worth of capital asset acquisitions, reimbursements, and construction; and

WHEREAS, the selection committee has selected Wachovia Bank, N.A. as the firm best qualified to provide the required services; and

WHEREAS, it is in the Town's best interest to proceed with the financing

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby accept the selection of Wachovia Bank, N.A. as the firm best qualified to provide the required financing and authorizes the Town Administrator or his designee to negotiate a bond agreement and present that agreement for approval.

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2004

MAYOR/COUNCILMEMBER

Attest:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2004

Wachovia Bank, N.A.
Government Services Group
FL00005
1950 West Hulsebert Boulevard
Deerfield Beach, FL 33442



WACHOVIA

November 29, 2004

Mr. Herb Hyman
Procurement Manager
Town of Davie
6591 Orange Drive
Davie, FL 33314

Dear Mr. Hyman:

Please find enclosed Wachovia Bank's response to the Town of Davie's Request for Proposal (Bank Qualified Financing – Ten Million Dollar Capital Asset Acquisition, B-05-17). You will note that Wachovia Bank is providing a Term Sheet instead of a Commitment Letter to the Town of Davie. In order to provide a firm commitment to the Town of Davie for this financing, Wachovia Bank requires the submission of audited financial statements for the 2003 fiscal year. Once these statements are received and reviewed, a final commitment will be issued to the Town. Other terms, conditions, and covenants are outlined on the Term Sheet.

Should you have any questions, please feel free to contact me at 954-596-6907 or by e-mail at scott.kreiger@wachovia.com.

Sincerely yours,

Scott D. Kreiger
Vice President
Government & Institutional Banking
Wachovia Bank, N.A.

OFFICIAL PROPOSAL FORM

\$10,000,000

TOWN OF DAVIE REVENUE NOTE

General Information

1. Bank Name Wachovia Bank, N.A.
Contact Person: Scott D. Kreiger, Vice President
Phone: 954-596-6907
Address: 1950 W. Hillsboro Blvd., Deerfield Beach, FL 33442
2. Bank's Total Assets: \$499 Billion
3. Bank Experience: (please attach) See Attached Facts and GIB Information
4. Bank Rating: Debt Ratings Attached
5. Interest Rate: Fixed Interest rates must be calculated on an actual day, 360-day year basis.

Bank Qualified Fixed Rate:

- | | |
|----------------------------------|-------------------------|
| 1) Without penalty/no gross-up | <u>N/A</u> |
| 2) Without penalty/with gross-up | <u>3.86% (Option 2)</u> |
| 3) With penalty/no gross-up | <u>N/A</u> |
| 4) With penalty/with gross-up | <u>3.65% (Option 1)</u> |

Describe Gross-up: See attachedDescribe Penalty: See attached

6) Fees


Please detail any and all fees for which the Town will be responsible for payment.
All fees will be the maximum amount that the Town should have to pay.

Description of FeeMaximumSee attached**Total:**

The Town shall furnish, free of charge to the successful proposer, the opinion of Adams & Yoss, P.A., bond counsel, approving the legality of said Note, together with the usual closing papers.

This proposal is not subject to any conditions not expressly stated within this Request for Proposal. The person executing this document represents that he/she has the authority to bind and act on behalf of the proposing institution.

Respectfully submitted,


Signature

Scott D. Kreiger

Name (Typed or Printed)

Vice President

Title

November 29, 2004

Date

**TERM SHEET
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO CREDIT APPROVAL
November 29, 2004**

Borrower: Town of Davie

Amount: Not to exceed \$10,000,000.00

Facility: Term Loan

Purpose: To provide funds for financing various capital assets related to the City's infrastructure improvements, equipment and facilities.

Expiration: Not to exceed 15 years

Amortization: Interest will be due and payable semi-annually and principal payments will be payable annually based on a 15-year mortgage-style amortization. Interest will be calculated based on a 30/360 basis.

Interest Rate: Option 1
Fixed: 3.65% Bank Qualified *

Option 2
Fixed: 3.86% Bank Qualified *
(The City may prepay without penalty on or after the fifth year of principal payments and on every annual anniversary thereafter.)

* The above fixed rates are indication fixed rates based on current market conditions and subject to change. The Bank will set the rate three business days prior to closing at the then prevailing rate.

Prepayment: Should the City prepay during the life of the loan for Option 1 or anytime prior to the fifth year of principal payments or not on an annual anniversary date for Option 2, the City may incur a breakage fee.

Security: The Loan will be secured by a Covenant to Budget and Appropriate from all Legally Available Non Ad Valorem Revenues

Term and Conditions: **This Term Sheet is not a commitment and is for discussion purposes only. Any commitment would be subject to further due diligence by the Bank, including receipt and satisfactory review of the FYE 2003 Comprehensive Annual Financial Report, loan approval and loan documentation acceptable to the Bank and its counsel.**

Covenants: Covenants customarily required for loans of this type include but are not limited to:

- All legally available Non-Ad Valorem Revenues shall mean all revenues of the City derived from any source whatsoever, other than Ad Valorem taxation on real and personal property.
- Each fiscal year during the term of the loan and prior to the incurrence of additional debt secured by any portion of the Legally Available Non-Ad Valorem Revenues or a Covenant to Budget and Appropriate from all Legally Available Non-Ad Valorem Revenues, the average of the prior two years Legally Available Non Ad Valorem Revenues, as defined above, must cover existing and projected maximum annual debt service on debt secured by and/or payable from such Revenues by at least 1.5x. For purposes of

calculating maximum annual debt service or annual debt service, all variable rate borrowings secured by the Pledged Revenues shall be assumed to bear interest at the higher of 7% per annum or the actual interest rate borne by the variable rate debt for the month preceding the date of the calculation.

- FYE 2003 Comprehensive Annual Financial Report, Current Year Budget and CIP
- The Bank will make the loan for its own account and not with the intent to distribute the loan or interests therein. However, the Bank may in the future enter into participation agreements or securitization transactions with respect to the loan. No transfer restrictions will apply to the loan. If requested, the Bank will deliver an appropriate investor letter at closing.

Fees:

Bank Counsel fees are not expected to exceed \$3,000 to review all documents.

This Proposal shall expire December 15, 2004

Prepayment Penalty

In addition to principal, interest and any other amounts due under this Note, Borrower shall on demand pay to Bank any "Breakage Fee" due hereunder for each Break Event. "Break Event" means any voluntary or mandatory prepayment or acceleration, in whole or in part, of principal of this Note occurring prior to the date such principal would, but for that prepayment or acceleration, have become due ("Scheduled Due Date"). For each date on which a Break Event occurs ("Break Date"), a Breakage Fee shall be due only if the rate under "A" below exceeds the rate under "B" below and shall be determined as follows:

Breakage Fee = the Present Value of $((A-B) \times C)$ + LIBOR Breakage, where:

- A = The rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Maturity Date as reported by the Wall Street Journal (or other published source) on the date the Interest Rate of this Note was set ("Lock in Date"), plus (ii) the corresponding swap spread of Bank on the Lock in Date for a fixed rate payor to pay Bank the fixed rate side of an interest rate swap of that maturity, plus (iii) .25%.
- B = A rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Maturity Date as reported by the Wall Street Journal (or other published source) on the Break Date, plus (ii) the corresponding swap spread that Bank determines another swap dealer would quote to Bank on the Break Date for paying to Bank the fixed rate side of an interest rate swap of the maturity.
- C = The sum of the products of (i) each Affected Principal Amount for each Affected Principal Period, times (ii) the number of days in that Affected Principal Period divided by 360 (if this Note uses the Actual/360 Computation) or the actual number of days in the year (if this Note uses the Actual/Actual Computation).

"Affected Principal Amount" for an Affected Principal Period is the principal amount of this Note scheduled to be outstanding during that Affected Principal Period determined as of the relevant Break Date before giving effect to the Break Event on that Break Date, and for any prepayment, multiplying each such principal amount times the Prepayment Fraction.

"Affected Principal Period" is each period from and including a Scheduled Due Date to but excluding the next succeeding Scheduled Due Date, provided that the first such period shall begin on and includes the Break Date.

"LIBOR Breakage" is any additional loss, cost or expense that Bank may incur with respect to any hedge for the fixed rate of this Note based on the difference between the London interbank offered rate (for U.S. dollar deposits of the relevant maturity) available in the London interbank market at the beginning of the interest period in which the Break Date occurs and that which is available in that market on the Break Date.

"Maturity Date" is the date on which the final payment of principal of this Note would, but for any Break Event, have become due.

"Prepayment Fraction" is a fraction equal to the principal amount being prepaid over the principal amount of this Note outstanding immediately prior to that prepayment on the Break Date.

"Present Value" is determined as of the Break Date using "B" above as the discount rate.

In addition, a Break Event shall be deemed to occur hereunder if, on any date ("Borrowing Date") after the date hereof but prior to any acceleration of this Note, any advance of principal under this Note is scheduled to be made and that advance fails to be made on that Borrowing Date (whether due to Borrower's default, Borrower's failure to borrow, the termination of any loan commitment, any unsatisfied condition precedent, or otherwise), in which case that Borrowing Date shall be a Break Date, the Affected Principal Amount for that Break Event shall be based on the amount of the failed advance, and the Borrower shall on demand pay to the Bank any Breakage Fee due hereunder for that Break Event.

Breakage Fees are payable as liquidated damages, are a reasonable pre-estimate of the losses, costs and expenses Bank would incur in the event of any prepayment or acceleration of this Note, are not a penalty, will not require claim for, or proof of, actual damages, and Bank's determination thereof shall be conclusive and binding in the absence of manifest error. For any Break Event hereunder, the foregoing Breakage Fee provisions supersede any breakage compensation agreement that Borrower and Bank may have executed with respect to this Note.

GROSS UP LANGUAGE

The City, by official action, shall approve entering into this commitment and the loan facility described herein; and shall cause any borrowing under this facility to be designated as a "Qualified Tax-Exempt Obligation" pursuant to Section 265(b)(3)(B) Internal Revenue Code of 1986, as amended.

Should subsequent but currently unforeseen events cause any borrowing under this facility to be determined to be a "non-qualified" obligation pursuant to Section 265(b)(3)(B), Internal Revenue Code of 1986, as amended, the Bank shall adjust the interest rate on any outstandings hereunder so that it shall receive the same after tax yield equivalent contemplated as of the time of this commitment.

In the event that the interest on any drawing under this Commitment is ever determined to be taxable for purposes of federal or state income taxation, or in the event that any or all of the interest on any drawing under this Commitment is deemed to be included in the gross income of the Bank for federal or state income taxation, or in the event the Bank is unable to deduct any other amounts as a result of purchasing or carrying any borrowings resultant from the Commitment, or in the event of a change in the marginal tax rate applicable to corporations or the alternative minimum tax rate or in the method prescribed by federal income tax laws for calculating the alternative minimum tax to which the Bank may be subject, or in the event of any action which would otherwise decrease the after tax or taxable equivalent yield to the Bank, the interest on this Commitment shall be subject to a full gross up modification, as determined by the Bank and its counsel. In no event, however, shall the interest rate on this Commitment exceed the maximum rate permitted by law.


**WACHOVIA**[Print](#)

COMPANY FACTS

(All amounts are pro forma combined as of September 30, 2004. Balance sheet data reflects preliminary fair market accounting adjustments which are subject to change.)

Assets:	\$499 billion
Average Deposits:	\$289 billion
Stockholders' Equity:	\$48 billion
Headquarters:	Wachovia Corporation 301 South College Street, Suite 4000 One Wachovia Center Charlotte, North Carolina 28288-0013 (704) 374-6161
Investor Relations:	301 South College Street One Wachovia Center NC 0206 Charlotte, North Carolina 28288
Ranking:	Fourth largest bank holding company in the United States based on assets. Third largest U.S. full-service brokerage firm based on client assets.
Financial Services:	Full financial services through offices along the East Coast in 15 states - Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Mississippi, Texas—plus Washington, D.C. Full-service retail brokerage with offices in 49 states through Wachovia Securities LLC. Global services through 33 international offices.
Customers:	14 million households and businesses; 8 million online product and service enrollments; 2.6 million active online customers.
Employees:	95,000
Financial Centers:	Personal service and advice through 3,200 financial centers and more than 700 retail brokerage offices. These staffs include over 10,500 registered representatives.
ATMs:	Convenient access to 5,300 automated teller machines.
Toll-Free Banking:	Wachovia: (800) 922-4684 SouthTrust: (800) 225-5782

Online Services:	Banking - wachovia.com southtrust.com Brokerage - wachoviasec.com
Products & Services:	Complete banking services, retail brokerage services, asset management, wealth management, and innovative products for individual customers. Financial expertise in treasury services, corporate and investment banking, and international banking for business customers. Also offer credit and debit card products, trust services, mortgage banking, and home equity lending.
Key Subsidiaries:	Wachovia Bank, N.A., Wachovia Mortgage, Wachovia Securities, LLC, SouthTrust Bank
Management:	G. Kennedy Thompson Chairman, President and CEO Robert P. Kelly Chief Financial Officer
Stock:	1.6 billion shares of common stock outstanding. Stock trades on the New York Stock Exchange under the WB symbol.
Asset Quality:	Loans written off as losses as a percent of average loans: less than 1% (0.17%). Nonperforming assets as a percent of loans and leases: less than 1 percent (0.50%).
Debt Rating:	Senior debt rated Aa3 by Moody Investor Service, A by Standard & Poor's and A+ by Fitch.
History:	The former Wachovia (founded in 1879 in Winston, NC) and First Union (founded in 1908 in Charlotte, NC) merged on September 1, 2001, to create Wachovia Corporation. Wachovia (pronounced wa-KO-vee-yah) is the Latin form of the name Wachau, which was given to the tract of land in the Piedmont region of North Carolina settled by Moravians in 1753. The name honored the settlers' connections to the Wachau Valley along the Danube River.
Media Contact:	Mary Eshet Corporate Media Relations Manager (704) 374-2138
Investor Contact:	Alice Lehman Managing Director of Investor Relations (704) 374-2137

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Wachovia common stock trades on the New York Stock Exchange (NYSE) with the ticker symbol WB. Before the September 1, 2001, merger of First Union and the former Wachovia, the common stock traded on the NYSE as FTU.

Information on this site dated after September 1, 2001, is provided under the Wachovia name, while historical information dated before September 1, 2001, is provided under the First Union name. Please note that historical information may have become out of date and should not be considered current. Wachovia does not undertake any obligation to update the information as a result of new information or subsequent developments. In addition, any forward-looking information is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Factors that could cause results to differ from expectations may be found in Wachovia's reports filed with the SEC.

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Wachovia Corporation

Government & Institutional Banking

Corporate Facts

As of September 30, 2004
(pro forma combined)

Headquarters: Charlotte, N.C.

Assets: \$499 billion

Deposits: \$289 billion

Stockholders'

Equity: \$48 billion

Ranking: Fourth largest bank holding company in the United States based on assets. Third largest U.S. full-service retail broker dealer based on client assets.

Financial Services: Full financial services through offices along the East Coast in 15 states — Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Mississippi and Texas — plus Washington, D.C. Full-service retail brokerage with offices in 49 states through Wachovia Securities LLC. Global services through more than 33 international offices.

Financial Centers: Approx. 3,200

ATMs: Approx. 5,300

Customers: 14 million households and businesses; 8 million online product and service enrollments; 2.6 million active online customers.

Employees: Over 95,000

Debt Rating: Senior debt rated Aa3 by Moody's Investor Services, A by Standard & Poor's and A+ by Fitch

Key Subsidiaries: Wachovia Bank, N.A., Wachovia Mortgage, Wachovia Securities LLC, SouthTrust Bank

Products and Services:

Government and Institutional Banking is a dedicated line of business within Wachovia's Wholesale Bank that creates a one-stop-shop for state and local governments, institutions of higher education and charitable organizations and other 501(c)3s. Its relationship managers, specialists and treasury services officers create custom solutions with a complete line of products and services.

Money Management

- **Treasury Services** – 2nd largest cash management provider in the U.S.; state-of-the-art treasury services platform recognized for its customer satisfaction and performance
- **Deposit Products** – 3rd largest deposit share in the U.S.; provide customized deposit products that are fully integrated with treasury services

Financing

- **Bank Credit Products** – Have issued over \$6.5 billion in outstanding commitments
- **Municipal Securities** – Broadest capabilities in the industry for investment banking, underwriting, and sales and trading; ranked 15th in the nation for senior managed tax-exempt debt transactions in 2003
- **Interest Rate Risk Management** – Over \$14 billion in tax-exempt derivatives since 2001; specialize in creating tailored hedging and reinvestment solutions
- **Corporate Trust** – 4th largest provider of municipal trustee services in U.S.

Investing

- **Investment Manager** – \$248 billion in assets under management; wide range of investment platforms, from equities to money markets
- **Institutional Custody** – 9th largest U.S. custodian with over \$500 billion in assets under custody

Employee Benefits

- **Retirement Services** – 4,400 retirement plans and 1.2 million customers; \$62 billion in retirement assets under management
- **Wachovia@Work** – Preferred banking services made available to clients' employees at no cost

Leadership: Carlos Evans, head of Wachovia's Wholesale Bank

Government Banking At A Glance

Total Commitments: \$6.5 billion
Total Deposits: \$8.8 billion

Employees: Approx. 97
Includes 8 teams from 28 offices;
RMs average over 15 years
Government and Institutional banking
experience

Customers: 3,000+
Including states, state agencies,
federal agencies, cities, counties,
school boards, municipal districts
and authorities, public and private
colleges and universities, trade
unions, national and regional 501-
c(3) organizations

DEBT RATINGS

Several ratings agencies, including Moody's, Standard & Poor's and Fitch, spend considerable time with Wachovia's management reviewing financial performance and strategic objectives. This report contains their most current ratings information available for Wachovia, and may not reflect intra-quarter changes. Great care is taken in obtaining the information in this report and, while it is generally considered to be reliable and accurate, its accuracy cannot be guaranteed. Please note that on April 1, 2002 the former Wachovia Bank, N.A., was merged into and under the charter of First Union National Bank with the resulting title Wachovia Bank, N.A.

If you have further questions, please call Wachovia Investor Relations at 704-374-2137.

SUMMARY OF WACHOVIA DEBT RATINGS

	<u>MOODY'S</u>	<u>S&P</u>	<u>FITCH</u>
Date of last rating	10/20/03	10/13/03	9/16/03
WACHOVIA CORPORATION (formerly First Union Corporation)			
SENIOR DEBT	Aa3	A	A+
SUBORDINATED DEBT	A1	A-	A
SHORT TERM DEBT	P-1	A-1	F1
WACHOVIA BANK, N.A. (formerly First Union National Bank)			
Short term	P-1	A-1	F1+
Long term	Aa2	A+	AA-
Subordinated debt	Aa3	A	A

WACHOVIA DEBT RATINGS BY RATING AGENCY

<u>Ratings Agency</u>	<u>Ranges</u>	<u>WB</u>	<u>Definition of Ratings held by WB</u>
Moody's			
WACHOVIA CORPORATION			
Outlook	Positive, Stable Negative	Stable	The rating outlook is Moody's opinion of the likely direction of a rating over the medium term.
Short Term Obligations	P-1 - NP	P-1	Issuers rated Prime-1 have a superior capacity for repayment of short-term promissory obligations.
Long Term Senior	Aaa - C	Aa3	Bonds that are rated Aa are judged to be of high quality and are subject to very low credit risk.
Long Term Subordinated	Aaa - C	A1	A-rated bonds have many favorable attributes, are considered upper-medium grade and are subject to low credit risk.
WACHOVIA BANK, N.A.			
Senior (Bank deposits, Bank Notes, Letters of Credit)			Issuers rated Prime-1 have a superior capacity for repayment of short-term promissory obligations.
Short Term	P-1 - NP	P-1	Bonds that are rated Aa are judged to be of high quality and are subject to very low credit risk.
Long Term	Aaa - C	Aa2	
Long Term Subordinated	Aaa - C	Aa3	A-rated bonds have many favorable attributes, are considered upper-medium grade and are subject to low credit risk.

WACHOVIA SENIOR DEBT RATING HISTORY*

Wachovia Corporation (formerly First Union Corporation)

Moody's, Long Term Senior Debt

11/20/02	Aa3
1/4/96	A1
5/10/93	A2
8/15/91	Baa1
3/15/90	A2
10/16/86	A1
4/5/83	A1

Standard & Poor's, Long Term Issuer Credit

9/21/93	A
8/16/91	A-
12/18/90	A
5/15/89	A+
10/5/87	AA-

Fitch, Long Term Senior Debt

9/4/01	A+
10/12/00	A
6/29/00	A+
9/23/97	A+
12/18/90	A
5/15/89	A+
5/1/88	AA-

Wachovia Bank, N.A. (formerly First Union National Bank)

Moody's, Long Term Bank Deposits

11/20/02	Aa2
5/10/93	Aa3
8/16/91	A2
3/15/90	Aa3
12/26/85	Aa2

Standard & Poor's, Long Term Issuer Credit

9/21/93	A+
8/16/91	A
12/18/90	A+
10/5/87	AA-

Fitch, Long Term Bank Deposits

9/4/01	AA-
10/12/00	A+
6/29/00	AA-
6/1/00	AA-

*Ratings prior to 9/1/01 are for First Union Corporation

Source: Bloomberg

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